

Message Text

CONFIDENTIAL

PAGE 01 CAIRO 11369 01 OF 02 241755Z

47

ACTION NEA-10

INFO OCT-01 ISO-00 SS-15 SP-02 NSC-05 L-03 EB-07 COME-00

TRSE-00 OMB-01 DODE-00 CIAE-00 INR-07 NSAE-00 /051 W

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R 241444Z AUG 76

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 6360

INFO AMEMBASSY ABU DHABI

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

C O N F I D E N T I A L SECTION 1 OF 2 CAIRO 11369

EO 11652: GDS

TAGS: PFOR, EAID, EFIN, EG, XE

SUBJ: GODE - AGREEMENT WITH GOE

REF (A) CAIRO 11298, (B) CAIRO 11336, (C) CAIRO 11368,

FOLLOWING IS UNOFFICIAL TRANSLATION (BY CHASE NATIONAL BANK)
OF GODE/GOE AGREEMENT SIGNED CAIRO 21 AUG 76. NOTE: THIS TEXT
SHOWS SIGNING DATE AS 20 AUG. ANALYSIS WILL BE SENT IN
SUBSEQUENT MESSAGE.

AGREEMENT

REGULATING TRANSACTIONS BETWEEN
ARE AND GULF AUTHORITY
FOR DEVELOPMENT IN ARE

THIS AGREEMENT REGULATES THE OPERATING FRAMEWORK OF GULF
AUTHORITY ACTIVITIES IN THE ARE.

ARTICLE I:

IMPLEMENTING THIS AGREEMENT REGULATIONS, THE MEANING OF THE
FOLLOWING EXPRESSIONS SHALL BE:

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PAGE 02 CAIRO 11369 01 OF 02 241755Z

1. THE AUTHORITY:

IT IS THE GULF AUTHORITY FOR DEVELOPMENT IN A.R.E. ITS PRINCIPAL LOCATION IS IN RIYADH. THE AUTHORITY HAS BEEN ESTABLISHED BY THE KINGDOM OF SAUDI ARABIA, KUWAIT, QATAR AND THE UNITED ARAB EMIRATES PURSUANT TO AN AGREEMENT WHICH THEY SIGNED AT RIYADH ON 1 APRIL 1976 (RABI EL THANI 2, 1396 E).

2. THE PLAN:

IT IS THE GENERAL PLAN FOR THE ECONOMIC AND SOCIAL DEVELOPMENT OF A.R.E. RELATED TO THE PERIOD STARTING IN 1976 AND ENDING IN 1980, INCLUDING PROGRAMS AND PROJECTS.

3. THE PROJECT: ALL PROPOSALS PRESENTED OR PARTIALLY CARRIED OUT BY THE A.R.E. OR THE AUTHORITY, INCLUDING ACTIVITIES MENTIONED IN ARTICLE III.

4. THE ORGANIZATION:

ANY LEGAL PERSON HAVING ECONOMIC ACTIVITY WITHIN THE FRAME OF PUBLIC, MIXED OR PRIVATE SECTORS.

5. THE AUTHORITY'S COMPANIES:

ANY COMPANY THE CAPITAL OF WHICH IS SHARED BY THE AUTHORITY ACCORDING TO THIS AGREEMENT'S REGULATIONS.

ARTICLE II:

STATUTE OF THE AUTHORITY

THE AUTHORITY HAS AN INTERNATIONAL LEGAL STATUS.

ARTICLE III:

PURPOSES OF THE AUTHORITY:

1. THE AUTHORITY PROPOSES TO SUSTAIN THE A.R.E.'S ECONOMY AND TO SUPPORT ITS PLAN.

2. FOR THIS PURPOSE, THE AUTHORITY HAS FOR ITS BENEFIT ALL THE REQUIRED COMPETENCE AND IT CAN ESPECIALLY ENGAGE IN THE FOLLOWING ACTIVITIES;

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PAGE 03 CAIRO 11369 01 OF 02 241755Z

(A) TO PARTICIPATE IN THE FINANCING OF BALANCE OF PAYMENTS' NEEDS, EITHER ALONE OR WITH ARAB OR WORLD FINANCIAL ORGANIZATIONS.

(B) TO FINANCE, OR TO SHARE THE FINANCING OF, INVESTMENT AND DEVELOPING PROJECTS BY MEDIUM OR LONG TERM LOANS.

(C) TO FINANCE EGYPTIAN ORGANIZATIONS' QUOTAS IN JOINT VENTURE PROJECTS; OR TO ARRANGE CREDIT FACILITIES NECESSARY FOR THIS FINANCING.

(D) TO ESTABLISH, OR TO SHARE IN THE ESTABLISHMENT OF COMPANIES CARRYING OUT INDUSTRIAL, AGRICULTURAL, ECONOMIC OR REAL ESTATE PROJECTS. THE AUTHORITY CAN ALSO OWN, OR PARTICIPATE IN, EXISTING PROJECTS FOR THE PURPOSE OF ENLARGING AND DEVELOPING THEIR ACTIVITIES.

3. THE AUTHORITY SHALL USE ITS CAPITAL AND OTHER PROCEEDS FOR FINANCING, INCLUDING LOANS, TO REALIZE THE FOREGOING.

ARTICLE IV:

MANNER OF OPERATING:

1. BOTH THE A.R.E. AND THE AUTHORITY HAVE THE RIGHT TO PROPOSE SUITABLE PROJECTS TO REALIZE THE AUTHORITY'S PURPOSES.

2. THE A.R.E. AND THE AUTHORITY SHALL COOPERATE TO SET A SUITABLE SYSTEM FOR THE BEST FOLLOW UP AND IMPLEMENTATION OF THESE PROJECTS AND THEY SHALL MITIGATE ANY DIFFICULTY WHICH COULD ARISE.

3. THE AUTHORITY MAY HAVE RECOURSE TO OTHER INTERNATIONAL OR REGIONAL AUTHORITIES, WITH THE SAME ATTRIBUTES, AND MAY COORDINATE WITH THEM ITS DEVELOPMENT AND INVESTMENT PROGRAMS.

4. BOTH PARTIES SHALL MAKE ARRANGEMENTS CONCERNING EACH PROJECT FROM AMONG THOSE MENTIONED IN ITEMS A, B, C AND D OF ARTICLE III. THESE AGREEMENTS SHALL DETERMINE THE CONDITIONS OF FINANCE FOR EACH ONE, ITS QUALITY AND SCHEDULES, IN ADDITION TO THE RIGHTS AND OBLIGATIONS OF EACH PARTY.
CONFIDENTIAL

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PAGE 04 CAIRO 11369 01 OF 02 241755Z

5. NOTHING IN THE PRESENT AGREEMENT FORBIDS THE A.R.E. TO BE GRANTED LOANS OR FINANCIAL AID FROM ANY ARAB OR FOREIGN STATE, OR FROM INTERNATIONAL OR ARAB FINANCIAL ORGANIZATIONS WITH THE SAME ATTRIBUTES.

ARTICLE V:

FINANCING CONDITIONS AND OPERATING CURRENCIES:

1. THE FINANCING CONDITIONS SHALL BE DETERMINED ACCORDING TO THE ECONOMIC MERIT OF THE PROJECT. DEVELOPMENT AND PUBLIC UTILITY PROJECTS SHALL HAVE HIGHER PRIORITY THAN THOSE FOR INVESTMENT.

2. TRANSACTIONS BETWEEN THE A.R.E. AND THE AUTHORITY SHALL BE BASED ON THE US DOLLAR, WHICH HAS BEEN USED FOR THE AUTHORITY'S CAPITAL ESTIMATION. THE DOLLAR SHALL BE CONSIDERED AS THE UNIT FOR FINANCIAL TRANSACTIONS BETWEEN THE TWO PARTIES.

ARTICLE VI:

THE GUARANTEE OF THE EGYPTIAN GOVERNMENT:

1 THE GOVT OF THE A.R.E. IS COMMITTED TO SECURE THE REFUND OF THE ASSETS AND EXPENSES OF LOANS GRANTED BY THE AUTHORITY WITH THE APPROVAL OF THE EGYPTIAN GOVT - TO THE OPERATING ORGANIZATIONS.

2. A SECURITY AGREEMENT BETWEEN THE GOVT OF THE A.R.E AND THE AUTHORITY SHALL BE ATTACHED TO EVERY AGREEMENT RELATED TO SUCH LOANS.
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PAGE 01 CAIRO 11369 02 OF 02 241805Z

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C O N F I D E N T I A L SECTION 2 OF 2 CAIRO 11369

ARTICLE VII: LIAISON OFFICE

1. THE GOVT OF THE A.R.E. SHALL ESTABLISH AN OFFICIAL LIAISON OFFICE. THIS OFFICE SHALL CONTACT THE AUTHORITY TO PROVIDE IT WITH NECESSARY INFORMATION AND TO FACILITATE PROCEDURES

FOR THE AUTHORITY'S ACTIVITY.

2. THE SAID LIAISON OFFICE SHALL BE CONSIDERED AS REPRESENTING THE GOVT OF THE A.R.E. IN ITS DEALINGS WITH THE AUTHORITY AND IN THE IMPLEMENTATION OF THIS AGREEMENT.

3. PROGRAMS OF THE AUTHORITY SHALL BE PREPARED AND DEVELOPED BY THE LIAISON OFFICE AND THE AUTHORITY TOGETHER, ACCORDING TO THE PLAN'S PURPOSES.

ARTICLE VIII:

THE AUTHORITY'S RIGHTS AND IMMUNITY:

1. THE AUTHORITY, ITS POSSESSIONS, INCOMES, PROFITS, OPERATIONS IN THE A.R.E. AND LOANS AND BONDS ARE NOT SUBJECT TO NATIONALIZATION, CONFISCATION, EXPROPRIATION, SEIZURE OR SEQUESTRATION.

CONFIDENTIAL

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PAGE 02 CAIRO 11369 02 OF 02 241805Z

2. THE AUTHORITY'S CAPITAL, THE LOANS IT GRANTS AND ITS INVESTMENT RETURNS ARE EXEMPTED FROM ALL TAXES, DIRECT OR INDIRECT AND LOCAL FEES.

3. OPERATING IN THE A.R.E, THE AUTHORITY'S SHARES IN COMPANIES ARE EXEMPTED FROM REGULATIONS CONCERNING EXCHANGE CONTROL AND FOREIGN TRANSFERS IN THE FOLLOWING CASES:

(A) PURCHASE OF CAPITAL ASSETS ON START-UP OPERATING EXPENSES.

(B) FORMATION OF OFFICIAL RESERVES.

(C) TRANSFER OF THE AUTHORITY'S PROFITS AND RETURNS ABROAD

(D) TRANSFER OF ANY SURPLUS ON LIQUIDATION.

4. WITHOUT PREJUDICE TO THE PRIVILEGES ACCORDED THE AUTHORITY ACCORDING TO THIS AGREEMENT, INVESTMENTS BY THE AUTHORITY RETAIN ALL ADVANTAGES ACCORDED ARAB AND FOREIGN INVESTMENT IN THE PRESENTLY IMPLEMENTED EGYPTIAN LEGISLATION, IN ADDITION TO ANY GREATER PRIVILEGES WHICH MIGHT BE GRANTED TO ANY INVESTMENT IN THE FUTURE.

5. THE AUTHORITY'S CORRESPONDENCE, DOCUMENTS AND OFFICES SHALL HAVE THE SAME TREATMENT AS THOSE OF THE ARAB LEAGUE AND ITS ORGANIZATIONS.

ARTICLE IX:

RIGHTS AND IMMUNITY OF THE AUTHORITY'S EMPLOYEES:

1. THE GOVT OF THE A.R.E. SHALL GRANT THE AUTHORITY'S EMPLOYEES COMING TO THE A.R.E. FOR THE IMPLEMENTATION OF THIS AGREEMENT AND THOSE WORKING AT THE AUTHORITY OFFICES AND BRANCHES IN THE A.R.E., THE SAME PRIVILEGES AND IMMUNITIES GRANTED TO EMPLOYEES OF THE ARAB LEAGUE AND ITS ORGANIZATIONS IN SIMILAR GRADES.

2. THIS ARTICLE DOES NOT COMMIT THE GOVT OF THE A.R.E. TO GRANT THE AFOREMENTIONED PRIVILEGES AND IMMUNITY TO EGYPTIAN EMPLOYEES OF THE AUTHORITY.

CONFIDENTIAL

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PAGE 03 CAIRO 11369 02 OF 02 241805Z

ARTICLE X:

JURIDICAL COMPETENCE AND LAW TO BE IMPLEMENTED:

1. THE INSTITUTION OF LEGAL PROCEEDINGS AGAINST THE AUTHORITY IS ALLOWED, AT COMPETENT COURTS AT THE AUTHORITY'S PRINCIPAL LOCATION, OR IN CAIRO WHENEVER ITS ACTIVITIES IN THE A.R.E. IS CONCERNED.

2. WITHOUT PREJUDICE TO THE IMMUNITIES AND RIGHTS GRANTED THE AUTHORITY BY THIS AGREEMENT, THE AUTHORITY'S BUSINESS ACTIVITIES WITH AN INVESTMENT ATTRIBUTE IN THE A.R.E. ARE SUBJECT TO EGYPTIAN LAW AND REGULATIONS.

ARTICLE XI:

SETTLEMENT OF DISPUTES:

DISPUTES WHICH MIGHT ARISE CONCERNING THE INTERPRETATION OF THE AGREEMENT'S REGULATIONS AND ITS IMPLEMENTATION SHALL BE RESOLVED BY AGREEMENT BETWEEN BOTH PARTIES. IN CASE THEY DO NOT REACH A SETTLEMENT WITHIN 90 DAYS OF NOTIFICATION OF THE DISPUTE BY ONE PARTY TO THE OTHER, THE SAID DISPUTE SHALL BE SUBMITTED TO AN ARBITRATION COMMITTEE COMPOSED OF THREE ARBITRATORS APPOINTED AS FOLLOWS:

ONE BY THE AUTHORITY

ONE BY THE A.R.E.

AND ONE BY AWARD, CHOSEN AND ACCEPTED BY BOTH PARTIES. IN CASE THE TWO PARTIES DO NOT AGREE UPON THE CHOICE OF THE THIRD ARBITRATOR WITHIN 60 DAYS, HE WILL BE APPOINTED BY A DECREE FROM THE PRESIDING JUDGE OF THE ARAB COURT OF JUSTICE WITHIN 30 DAYS OF THE REQUEST BEING PRESENTED. UNTIL

THE FORMATION OF THIS COURT, THE AFORESAID APPOINTMENT SHALL BE BY A DECREE FROM THE SECRETARY GENERAL OF THE ARAB LEAGUE WITHIN THE SAME PERIOD. THE ARBITRATOR SHALL NOT HAVE THE NATIONALITY OF ANY OF THE PARTIES CONCERNED WITH THIS AGREEMENT.

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PAGE 04 CAIRO 11369 02 OF 02 241805Z

NEITHER PARTY IS ALLOWED TO DISMISS OR TO CHANGE THE ARBITRATOR, WHO HAS BEEN PREVIOUSLY APPOINTED, AFTER THE HEARING IS STARTED. IN CASE OF THE ARBITRATOR'S RESIGNATION OR DISABILITY, ANOTHER ARBITRATOR SHALL BE APPOINTED BY THE SAME MEANS AS THE ORIGINAL ARBITRATOR. THE NEW ARBITRATOR SHALL HAVE THE SAME RIGHTS AND DUTIES AS THE FIRST ONE.

THE DECREE OF THE ARBITRATION COMMITTEE SHALL BE ISSUED BY MAJORITY AND SHALL BE DECISIVE AND BINDING.

ARTICLE XII:

1. THE A.R.E. SHALL RATIFY THIS AGREEMENT ACCORDING TO ITS CONSTITUTIONAL SYSTEM AND THE RATIFICATION DOCUMENTS SHALL BE DEPOSITED AT THE AUTHORITY'S LOCATION IN RIYADH.

2. THE AUTHORITY SHALL RATIFY THIS AGREEMENT IN ITS FIRST BOARD MEETING. THE RATIFICATION SHALL BE CONVEYED TO THE GOVT OF THE A.R.E.

3. THIS AGREEMENT SHALL BE EFFECTIVE IMMEDIATELY AFTER THE TWO PROCEDURES MENTIONED IN THE PREVIOUS TWO ITEMS ARE COMPLETED.

THIS AGREEMENT HAS BEEN DRAWN UP ON TWO COPIES SIGNED IN CAIRO ON 20 AUG 1976 (SHABAAN 24, 1396 E).

FOR
THE GULF AUTHORITY FOR DEVELOPMENT IN THE A.R.E. CHAIRMAN
OF GOVERNORS MINISTER OF FINANCE OF THE KINGDOM OF SAUDI
ARABIA

FOR THE A.R.E. MINISTER OF FINANCE OF THE A.R.E.
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